



Testimony of Anna Doroghazi, Advocacy Director, AARP Connecticut

**In opposition to H.B. 6446**

*An Act Concerning the Governor's Budget Recommendations for Human Services*

Human Services Committee, March 4, 2021

Good morning, Senator Moore, Representative Abercrombie, and distinguished members of the Human Services Committee. My name is Anna Doroghazi, and I am an Advocacy Director at AARP Connecticut. AARP is a nonpartisan, social mission organization that advocates for the issues that matter most to individuals age 50 and older. On behalf of our nearly 600,000 members in Connecticut, I am here to urge your opposition to HB 6446 and the proposed asset test for the Medicare Savings Programs (MSP).

MSP helps eligible low and middle-income Medicare enrollees pay for expenses related to Medicare. Individuals can qualify for one of three "levels" of MSP based on their income.

Level	Income Limit (Singles)	Income Limit (Couples)
Qualified Medicare Beneficiary (QMB)	\$2,265/month	\$3,064/month
Special Low Income Medicare Beneficiary (SLMB)	\$2,480/month	\$3,354/month
Additional Low Income Medicare Beneficiary (ALMB)	\$2,641/month	\$3,572/month

All three levels of MSP cover an individual's Medicare Part B<sup>1</sup> premiums, and the Qualified Medicare Beneficiary program also helps pay for Medicare Part A<sup>2</sup> premiums and deductibles, coinsurance, and copays for Medicare Part A and Part B. In addition to providing assistance with Medicare Part A and B expenses, Medicare beneficiaries who are enrolled in MSP are "deemed eligible" for the Low Income Subsidy, a federally administered program that pays for a Medicare Part D<sup>3</sup> benchmark plan, a portion of a non-benchmark plan, deductibles, coinsurance, and copays. Individuals who are "deemed eligible" for the Low Income Subsidy by virtue of being enrolled in MSP do not need to meet federal income and asset limits to receive this important prescription drug assistance. Making people ineligible for MSP using the asset limits proposed in HB 6446 would, in almost all cases, also make them ineligible for the Low Income Subsidy and therefore make it more difficult for them to pay for prescription medication.

Connecticut does not currently apply an asset test to MSP because the state wanted the federally-funded Low Income Subsidy to cover as many people as possible so it could close its state-funded pharmaceutical assistance program. Until the end of 2013, Connecticut operated the Connecticut Pharmaceutical Assistance Contract for the Elderly and Disabled Program, commonly known as ConnPACE. This was a very popular program that helped non-Medicaid eligible seniors pay for Medicare Part D premiums and prescription drug copayments. In 2009, the Connecticut General Assembly passed legislation to raise income limits (PA 09-2) and eliminate the asset test (PA 09-5) for the Medicare Savings Programs in order to align MSP eligibility with ConnPACE eligibility. The goal of this alignment was to encourage seniors to move *out* of the state-funded ConnPACE program and *into* MSP, which would automatically enroll them in the federally-funded Low Income Subsidy. The State intentionally encouraged enrollment in MSP as a cost-saving measure.

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<sup>1</sup> Medicare Part B (medical insurance) covers visits to the doctor, preventative care, ambulance services, medical supplies, and durable medical equipment.

<sup>2</sup> Medicare Part A (hospital insurance) covers inpatient hospital stays, surgery, skilled nursing facilities, home health care, hospice, and lab work.

<sup>3</sup> Medicare Part D provides prescription drug coverage.

The Department of Social Services began moving seniors from ConnPACE to MSP (and the Low Income Subsidy) on a voluntary basis in 2010. In 2011, additional legislation passed that no longer allowed Medicare-eligible individuals to enroll in ConnPACE. On December 31, 2013, the ConnPACE program was closed altogether.

In short, the Medicare Savings Programs and associated Low Income Subsidy were presented to Connecticut seniors as a viable and equivalent alternative to ConnPACE. Now that the ConnPACE program is no longer operational, any senior who is kicked out the Medicare Savings Programs – and therefore the Low Income Subsidy – will have nowhere to go for assistance with expenses related to Medicare Part D and prescription medication.

Older Americans take an average of 4.5 prescription medications each month,<sup>4</sup> and without assistance, the costs can add up quickly. The Low Income Subsidy saves enrollees an estimated \$5,000 per year on expenses related to prescription drugs,<sup>5</sup> and MSP saves enrollees nearly \$1,800 annually on their Part B premiums. This total annual savings of \$6,800 represents more than a third of the estimated average Social Security retirement benefit for 2021.<sup>6</sup> Seniors were told not to worry about the transition from ConnPACE to the Medicare Savings Programs and Low Income Subsidy, and now they are at risk of losing these important benefits. Without these programs, many seniors will be forced to make difficult choices about how to spend their limited resources. Will they buy enough food to get them through the week? Will they cut pills in half in order to ration medication?

In addition to the concerns outlined above, AARP opposes the application of an asset test because:

- Asset tests are burdensome to administer. They will require additional staff resources at the Department of Social Services, and they are invasive and time-consuming for potential benefit recipients.
- Asset tests discourage savings and keep people on the edge of financial hardship. The proposed asset limits – \$15,720 for individuals and \$23,600 for couples – represent enough savings for a few home repairs or a used car. Most older adults live on fixed incomes, and without money in the bank, paying for routine life expenses can quickly become impossible.
- Because the cost of MSP is split 50/50 between states and the federal government, having fewer MSP enrollees means that Connecticut will lose out on federal funding that is currently coming into the state.

We appreciate that Connecticut is in a difficult financial position and that elected officials will be required to make tough decisions with this budget. As budget negotiations unfold in the coming months, we hope that Connecticut's older residents will be considered, valued, and supported, and that the promises made during the transition away from ConnPACE will be honored.

Thank you for the opportunity to participate in this important conversation. If you have any questions about AARP CT's opposition to HB 6446, I can be reached at: [adoroghazi@aarp.org](mailto:adoroghazi@aarp.org)

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<sup>4</sup> <https://www.aarp.org/content/dam/aarp/ppi/2018/09/trends-in-retail-prices-of-brand-name-prescription-drugs-year-end-update.pdf>

<sup>5</sup> <https://www.ssa.gov/benefits/medicare/prescriptionhelp/>

<sup>6</sup> <https://www.aarp.org/retirement/social-security/questions-answers/how-much-social-security-will-i-get.html#:~:text=The%20amount%20you%20are%20entitled,2021%20is%20%241%2C543%20a%20month.>